For personal use only

30 October 2020 ASX ANNOUNCEMENT

WestStar Industrial Limited September 2020 Quarterly Report

WestStar Industrial Limited (Company or **WestStar)** (ASX: WSI), an Australian industrial services company, operating in the energy, resources, utility and infrastructure sectors, in metropolitan and remote areas, across Australia, is pleased to report on the Company's performance for the quarter ended 30 September 2020 (Quarter).

Highlights

- **Cash receipts of $15.9M up from $12.2M in the June quarter.**
- **Operating receipts significantly higher than operating payments resulting in an operating Net Cash improvement of circa $2.0M for the Quarter.**
- **Cash balance increase from June quarter of $6.6M to $8.42M, an increase of $1.8M.**
- **WestStar subsidiaries (the Group) continue to deliver another profitable quarter.**
- **Awarded Contracts for the quarter totalling $15M.**
- **The Group is well positioned for a strong Q2 FY21 with Tendering activities expected to deliver further rewards and strengthened Pipeline of projects for the group.**

Company Financial Overview

WestStar's objective to deliver sustainable growth and profitability has delivered another positive quarter.

During the Quarter, the Company banked total cash receipts of $15.9M, continuing from its strong FY2020 performance.

Operating receipts for Q1 FY2021 were significantly higher than operating payments, increasing net operating cash by $1.8M for the Quarter. This result follows on from $12.2M banked in June quarter representing a 30% increase for the period.

The Group has maintained its run rate during the first quarter of FY2021 to deliver receipts commensurate with its growth trajectory. The result was well contributed to by both Alltype Engineering and SIMPEC.

This positive September quarterly continues to reflect WestStar's focused and responsible growth trajectory and ability to manage its cash reserves effectively.

Group Initiatives and Strategies.

The Company set out to achieve a range of initiatives in its strategic planning to become more streamlined, sophisticated, and cost-efficient in its approach to FY2021. The Company is now experiencing the rewards of these initiatives with both companies operating competitively.

The Company continues to optimise shared resources across the group and continues to position itself in a market that can maintain a cost competitive advantage. Administrative staffing and corporate costs during the Quarter continue to be analysed to provide leverage to further earnings growth.

For personal use only

Interstate Growth

WestStar continued to grow its successful operational footprint into NSW through SIMPEC and is hopeful of further contract extensions at the Sydney WestConnex New M5 Project with the CPB Dragados Samsung JV to be forthcoming.

With this presence, Tendering activity has increased opportunities now in both NSW and QLD as WestStar continues to support and encourage growth for both SIMPEC and Alltype Engineering in both these regions. Both companies are now leveraging the opportunities that are being presented to its collection of services and wider group offering.

The Company maintains its flexibility and workplace systems to adapt to the changing environment moving into the future with adaptive strategies ready to deploy should the necessity arise.

Alltype Engineering Operations

Alltype Engineering continued to execute work in hand and secure significant new orders and additional backlog, trending toward setting a new company revenue record. Some key achievements were:

- Securing major structural steel and modularisation package for the Rio Tinto Koodaideri iron ore mine development
- Securing call off and ongoing maintenance contract on a petrochemical processing facility
- Securing fabrication and construction of a turnkey multidiscipline gas metering facility in the Mid-West
- Final delivery of the last Smartway Freeway gantry sign on Manning Road, Perth.
- Practical completion of a gas compressor station / gas processing facility which is now commercially operational
- Main Roads utility relocation works continued on bridge and Metronet road modification projects
- Delivery of a major process piping fabrication package for the FMG Whims Project at Christmas Creek

Alltype Engineering continues to tender an increasing range of works across multiple industries, with current travel restrictions and border constraints continuing to drive an increase in local fabrication opportunities and service demands, particularly in the resources sector. Furthermore, Alltype Engineering's growing reputation as a Tier Two construction contractor has opened up national project opportunities in both prequalification and tendering phases within the oil and gas sector.

SIMPEC Operations

SIMPEC continued to execute existing contracts and also performing a number of new tender submissions for new and existing clients. The Quarter highlights include:

- Sydney WestConnex New M5 Project with the CPB Dragados Samsung JV Sydney M5 Project team performing commissioning activities safely on site with zero injuries..
- Continuation of the FMG Power station project.
- Continuation of the Rio Tinto RDSS project.
- Engagement of our first indigenous JV tender submission delivering Infrastructure and operational services to the resource sector.

Tendering and proposals for the quarter was at record levels. Several of the submissions were for new clients within the mining and infrastructure sectors, the results of which are expected to deliver positive outcomes for the business in the near term.

For personal use only

Outlook

The Company tendered a record ~ $300M of new live project opportunities during the quarter.

Individual High Value project opportunities are now being offered to both Alltype Engineering and SIMPEC. The group's ability to execute larger contracts was only previously constrained by working capital, we now enter a mature phase of the strategic cycle to demand larger scale projects.

Commenting on WestStar Industrial Outlook for the Quarter, WestStar Industrial Chief Executive Officer, Robert Spadanuda noted:

"*During the first quarter of FY2021, we continued to demonstrate the ability to grow revenue along with resourceful opportunity in the following key areas:*

- *Developed and Increasing Opportunity Pipeline of ~$300M in recently tendered live projects.*
- *$15M of contract wins announced since 1 July 2020.*
- *Further imminent / near-term contract wins expected with enquiries operating at high demand.*
- *Larger Individual Contract Value submission and Exposure to key Mining and Infrastructure projects.*
- *Market segment exposure growth to Iron Ore, Oil and Gas, Power Generation, Water, Waste Processing and Transport Infrastructure projects.*
- *Positive exposure to recent Government stimulus programs in Infrastructure Construction, Oil and Gas and Power Generation.*
- *Continual review of Selective strategic acquisition opportunities to complement capability and Geographical footprint."*

Commenting further, Mr Spadanuda also noted:

"We continue to grow a solid business and a strong reputational brand. Increased activity in a variety of Government stimulus programs provides further confidence in our ability to grow at a rate commensurate with our growth trajectory. WestStar Industrial is on an exciting journey and we thank all Management, staff and shareholders for their continued support."

With an ever-increasing landscape of significant opportunities, WestStar expects the outcomes of tendering activities and current project opportunities to deliver positive results in Q2 FY2021.These opportunities will significantly accelerate the group towards increased revenues and earnings for its shareholders. We look forward to updating the market upon execution of some of these opportunities.

-Ends-

For further information please contact:

Philip Re
Chairman
pre@weststarindustrial.com.au

Robert Spadanuda
WestStar CEO
robert@weststarindustrial.com.au

For personal use only

About WestStar

WestStar Industrial Limited (ASX: WSI) is an industrial, steel fabrication, installation, and maintenance services company focused on the resources, oil and gas, water and infrastructure sectors.

About SIMPEC

SIMPEC delivers high quality construction and engineering services with specialisation in structural mechanical and piping (SMP), electrical and instrumentation (E&I), concrete products and civil Services.

For more information: www.simpec.com.au

About Alltype Engineering

Alltype Engineering leverages off its fabrication capability and provides complete project solutions including SMP and E&I site installation, construction and maintenance services, across almost every industry in Australia. Alltype's products and services have been delivered and installed state-wide, nationally and internationally through our workshops and sites and can be found on land, offshore on islands, FPSO's and platforms, below ground and even subsea. Supported by its team of experienced multi-disciplinary project personnel, Alltype delivers consistent quality products and services that underpin its commitment to its vision "to be recognised as the preferred partner in delivering integrated fabrication, site and maintenance services with reliable, innovative and cost-effective solutions".

For more information: www.alltypeengineering.com.au

ASX release authorised by the Board of Directors of WestStar Industrial Limited.

For personal use only

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
WESTSTAR INDUSTRIAL LIMITED	
ABN	**Quarter ended ("current quarter")**
38 119 047 693	30 September 2020

	Consolidated statement of cash flows	Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	15,906	15,906
1.2	Payments for		
	(a) research and development	-	-
	(b) product manufacturing and operating costs	(9,599)	(9,599)
	(c) advertising and marketing	-	-
	(d) leased assets	(18)	(18)
	(e) staff costs	(3,406)	(3,406)
	(f) administration and corporate costs	(1,035)	(1,035)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(9)	(9)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	95	95
1.8	Other (provide details if material)	37	37
1.9	**Net cash from / (used in) operating activities**	**1,972**	**1,972**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	(5)	(5)
	(d) investments	-	-
	(e) intellectual property	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	56	56
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**51**	**51**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(238)	(238)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**(238)**	**(238)**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	6,642	6,642
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,972	1,972
4.3	Net cash from / (used in) investing activities (item 2.6 above)	51	51

For personal use only

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(238)	(238)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**8,427**	**8,427**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	8,427	8,427
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**8,427**	**8,427**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	40
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

The aggregate amount of payments to related parties and their associates included in the current quarter totalled ~ $40,000. These payments consisted of Directors' fees and salaries paid to directors, accounting and bookkeeping fees and corporate advisory fees. All payments were on normal commercial terms.

For personal use only

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	1,000	650
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	**Total financing facilities**	1,000	650

7.5	**Unused financing facilities available at quarter end**	350

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

On 12 December 2018, the Company announced that it had received commitments for an unsecured working capital facility of up to $1M. This facility was drawn to the value of $650,000 at the end of the quarter (no change from 30 June 2020), interest is payable at 10% p.a.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	1,972
8.2	Cash and cash equivalents at quarter end (Item 4.6)	8,427
8.3	Unused finance facilities available at quarter end (Item 7.5)	350
8.4	Total available funding (Item 8.2 + Item 8.3)	8,777
8.5	**Estimated quarters of funding available (Item 8.4 divided by Item 8.1)**	n/a

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: n/a

For personal use only

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

` 30 October 2020

Date: .....

By the Board

Authorised by: .....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For personal use only